

Review of Radical Political Economics

<http://rrp.sagepub.com/>

Mature Socialism: Design, Prerequisites, Transitions

David Laibman

Review of Radical Political Economics 2013 45: 501 originally published online 13 March 2013

DOI: 10.1177/0486613412475190

The online version of this article can be found at:

<http://rrp.sagepub.com/content/45/4/501>

Published by:



<http://www.sagepublications.com>

On behalf of:



[Union for Radical Political Economics](http://www.urpe.org)

Additional services and information for *Review of Radical Political Economics* can be found at:

Email Alerts: <http://rrp.sagepub.com/cgi/alerts>

Subscriptions: <http://rrp.sagepub.com/subscriptions>

Reprints: <http://www.sagepub.com/journalsReprints.nav>

Permissions: <http://www.sagepub.com/journalsPermissions.nav>

Citations: <http://rrp.sagepub.com/content/45/4/501.refs.html>

>> [Version of Record](#) - Oct 23, 2013

[OnlineFirst Version of Record](#) - Mar 13, 2013

[What is This?](#)

Mature Socialism: Design, Prerequisites, Transitions

Review of Radical Political Economics
45(4) 501–507
© 2013 Union for Radical
Political Economics
Reprints and permissions:
sagepub.com/journalsPermissions.nav
DOI: 10.1177/0486613412475190
rrpe.sagepub.com



David Laibman¹

Abstract

Stadial (stage-based) theory clarifies the relation between the evolving conception of *mature socialism*, on the one hand, and historical experiences of central planning and “market socialism,” on the other. The core of mature socialism is a system of *multilevel democratic iterative coordination* (MDIC), involving mutually supportive and mutually defining roles for a central authority and enterprises. This conception clarifies the relations between the socialist core and various precursor forms in existing transitional societies.

JEL classification: B51, P2, P3

Keywords

socialism, iterative planning, economic democracy

I. Socialism and Stages

In his *Critique of the Gotha Programme*, Marx (famously, and originally) posited *two* stages in postcapitalist (communist) society: a lower stage in which income is constrained by performance of labor and rewarded according to quantity and quality of labor performed (these features implicitly but necessarily require retention of money, price, and wage forms); and a higher stage in which labor is unconstrained and income (identical to consumption) is accessed according to need. These stages are often called, respectively, “socialism” and “(full) communism.” This stadial conception is attenuated, or rejected altogether, in much current writing by many academic Marxists, especially those working in the “West” (e.g., Lebowitz 2010).

I would like to embrace and reaffirm the stadial approach. More specifically, I propose a model of postcapitalist development consisting of *three* stages, whose working designations may be: precursor socialism, mature socialism, and full communism. In this paper I will be concerned with the first two; the theory of full communism must wait for later attention.¹

¹The backdrop for the theoretical issues addressed here is clearly the entire rich – and controversial – history of postcapitalist construction in the Soviet Union, China, and Cuba, as well as other countries in Asia, Eastern Europe, and (now) Latin America. Without attempting anything like a literature survey of this vast terrain, I refer the reader to several sources. For the Soviet Union: Kotz and Weir 1997; Kotz 2001; van der Linden 2007; Laibman 2009. For China: Foley and Moss, eds. 2009. For Cuba: Yaffe 2009, 2012; Ludlam, 2012.

¹Economics, City University of New York (Emeritus), Brooklyn, NY, USA

Date accepted: November 29, 2011

Corresponding Author:

David Laibman, City University of New York (Emeritus), 50 Plaza St. E. #2C, Brooklyn, NY 11238-5004, USA.
Email: dlaibman@scienceandsociety.com

The first, precursor, stage should not be confused with the *political transition* from capitalism-dominated social formations. That transition entails essentially the forcible and democratic suppression of the power of the former ruling class and associated strata; if not their complete eradication, at least their marginalization to the point at which socialist construction has become feasible. The political transition, however, leaves in place a technical and economic structure that is more or less undeveloped, and a mass (working-class and allied strata) with historically limited capabilities and consciousness, infused with the possessive-individualist ideology and practices of the society from which they emerge, tempered partially (but *not* completely) by the experiences of cooperation in production, and of collective struggle and solidarity. This situation defines a protracted period in which foundations are gradually set in place for transition to mature socialism. The two precursor forms that have dominated the historical experiences of postcapitalist construction in the 20th century and beyond are central planning and, more recently, “market socialism” (as found in the official formulations of the Chinese Communist Party).

Central planning, of course, characterized the political economy of the Soviet Union, beginning in the 1930s. Its top-down and often authoritarian and bureaucratic nature has been the object of critical dismissals too numerous to mention, from all points of the political spectrum. The economic reforms begun in the 1960s, however, signaled the transcendence of central planning as such, pointing toward what can be designated as a stage of mature socialism. (I cannot address the massive controversy concerning the nature of the Soviet Union here; see van der Linden 2007; Laibman 1978, 2009.) This development flowered in the brief period 1979–1986, before the accumulated effects of the authoritarian-repressive distortion that took shape under Stalin swept it away. The irony is that today’s socialists fail to recuperate for their vision any of the positive elements of that experience.

“Market socialism” is, from a political-economic point of view, an unstable and contradictory conflation of ultimately incompatible elements. Its use to characterize China’s economic system suggests a historically drawn-out form of Lenin’s New Economic Policy of 1921. In Lenin, the opening to the market was temporary, and he saw this in brutally frank terms: it was a compromise, made necessary by the dire weakness of the human, political, and technical prerequisites for socialism in the conditions then obtaining. China, with 5,000 years of history gone before, understandably lengthens the time frame. So “market socialism with Chinese characteristics” is a protracted tradeoff between a socialist-oriented (but often bureaucratic and hide-bound) state sector, on the one hand, and a surrounding *milieu* of spontaneous private-sector marketization and accumulation, on the other.

Regrettably, much socialist discussion today is confined to the single dimension of oscillation between state-central planning and “the market.” The former, in both the Chinese and the Cuban debates, represents the interests and needs of workers and the worthy goals of social provision. The latter, however, is necessary for efficiency and dynamism. It becomes a question of walking a fine line, between the Scylla of bureaucratism and inefficiency, should Odysseus venture too far in the direction of the state; and the Charybdis of polarization and destabilization, should he wander off track in the direction of the “market.”

Precursor socialism *embraces* these inadequate forms. Both top-down central planning, and long-term coexistence with market forces, will likely be present, in most situations, until the conditions for their transcendence are in place. Both provide essential contributions for that transcendence. Both contain dangers; their management is a central concern for socialist theory. *And both have been widely confused with socialism as such.*

2. Mature Socialism

Socialism replaces private ownership with indivisible public ownership. The stage of mature socialism begins when an evolving socialist society is ready to decisively implement that replacement.

I will try to describe, briefly, the concept of *multilevel democratic iterative coordination* (MDIC) in what follows (for fuller discussion, Laibman 1997: chs. 6–7, 2012: chs. 9–10). MDIC is the core of a mature socialist society.

I use “coordination” rather than the more common “planning,” saving “planning” for what it can really come to mean: collaborative shaping of a society’s future development: its built environment; siting of living, work, and recreational spaces; designing socio-political structures; forging paths of exploration and outward settlement. (The word “plan” is ubiquitous, however, and it will slip back in in various forms.) *Coordination* is the ongoing and massive task of figuring out and implementing the enormous maze of human activities: making all of the decisions involved in the design, production, transportation, delivery, distribution, and consumption of goods and services.

“Multilevel” refers to *degrees of centrality* within this system; it affirms that the maze *does* in fact have a center. Accordingly, we can posit a simple model of MDIC by referring to two levels only: center and enterprise (the local work collective). A model with intermediate and sub-enterprise levels clearly suggests itself, but will not be explored here. “Iterative” implies that creative coordination (planning) activities take place significantly at both levels – enterprise and center – and that these activities are progressively reconciled into a consistent whole through repeated interactions between levels (iterations). Finally, “democratic” is not just invocation of a widely approved term, for sake of effect. It is the historical materialist claim that human development has reached a point at which further growth simply – objectively – cannot take place without the creative, critical, rational involvement and participation of all people (excepting, of course, small children and the morbidly ill or impaired). Crucially, democracy – including empowered participation but also free-wheeling debate and a critical culture – is essential not only for the enterprise (where much direct participation is of course possible), but also for the center.

What does the center do? First, it aggregates the plans of enterprises, determines the implications of those plans for others (e.g., the evolving demanded assortment of outputs), and shapes enterprise plans into a consistent whole, by asking or (according to its democratic mandate) forcing enterprises to modify their plans. (The property that society places at the disposal of the enterprise’s personnel is not theirs to do with as they wish; wider social interests must be invoked where necessary.) Second, the center is responsible for *planned price formation*. All transactions take place at *socialist reproduction prices*; spontaneous price competition among enterprises is prohibited, so that enterprise income (a major element in the enterprise’s reward; see below) can be enhanced only by means of real activity (e.g., increasing productivity or quality of output). Socialist reproduction prices result from calculation of direct plus indirect resource use by enterprises, and also embody the long time horizons necessary if the society is to address looming ecological constraints and requirements of sustainability. We may assume that many other social goals can be progressively embodied in price formation, and that this conception of price goes far beyond what *any* spontaneous competitive mechanism (capitalist or “market socialist”) could accomplish. Third, the center internalizes the many and important external effects of enterprises’ projected activities, effects that cannot be perceived or addressed at the level of each enterprise acting alone, no matter what the will may be to do so. Finally, the center runs optimizing programs (with a level of aggregation and calculation resources not available to the enterprises separately), progressively shaping the consistent plan into something approaching an optimal one. This list is, presumably, far from exhaustive.

What do enterprises do? Most important, they create their own initiative plans, drawing upon the capacities and interests of all of their members. These plans, which embody the enterprises’ best response to perceived demand for their products and services, are the basis for the iterative process managed by the center. The enterprise is the most significant (not the only) site for *progressive enhancement of socialist democracy*: the world-historic reversal of the capitalist *subsumption* of labor to its conditions of existence.

Two features of the MDIC enterprise reward system are noteworthy. First, the *performance measure* is far more sophisticated than anything previously obtaining. One component of enterprise performance is a uniquely socialist economic measure: realized full profitability, or the ratio of realized value (at socialist reproduction prices) of net output to (appropriately measured) resource stocks. (This is, roughly, Y/K , as opposed to the capitalist P/K .) This measure is enhanced by all “good” things that the enterprise can do, in the “narrow” economic sense, such as enhancing productivity and quality, saving on inputs consumed, and developing superior techniques. But the performance measure also contains indicators for a range of social goals: developing workers themselves, addressing inherited race or gender stratifications and oppressions, meeting targets for environmental impact, community relations, relations with other enterprises, etc. All of this must be evaluated in a political process that involves representatives of social “stakeholders” outside of the enterprise, as well as those within the enterprise itself. The result is a broad performance measure in which output is only one component.

Second, once the performance measure is in place, enterprise reward (income) is determined both by the planned level of this measure, and by degree of success in subsequently achieving the planned level. In short, the enterprise is incentivized both to plan ambitiously, and to execute the plan, once formulated, accurately; to be both ambitious and realistic at the same time. The goal is to ensure that the enterprise handles the resources entrusted to it in a way that protects society’s interest, and also that the plan it announces is sound, so that the aggregation and processing of data at the center is based on genuine locally specific possibilities.

The key insight: far from being opposed principles – “centralization vs. decentralization” – center and enterprise are *mutually* effective, and their success is interdefined. Neither can function well without the other: the enterprise, through its planning activity, provides the center with the necessary information; the center provides the enterprise with a stable macro framework that enables real planning to take place. This is the MDIC *core economy*, the heart of mature socialism.

3. Transitions

Now, let us go back to the stage of precursor socialism. We have: a) a traditional market sector, perhaps especially strong in agriculture and services; b) a public (state) sector, with administrative (pre-iterative) planning and a commitment to socialist values such as full employment, worker protection, collective consumption; and c) a foreign trade/investment sector, which is a source of needed technology and organizational resources, but also a major irritant from the standpoint of socialist development. What is to be done? Must our thinking be confined to the single dimension of “reform”: introducing *just the right amount* of privatization to serve as a constraint on bureaucracy and corruption, while balancing this with stated commitment to the goals of socialism? Socialism, in this account, seems to be a naive – laudatory, but problematic – commitment, running against an eternal, inevitable, neoclassical human nature. Can we break out of this trap, once and for all? The political proposal sketched in Figure 1 seems suggestive.

The figure envisions a representative body (combining legislative and executive functions) with two houses: a *bicameral* government. Historical examples of bicameral legislatures or parliaments (the British Lords/Commons, the U. S. Senate/House, and the Soviet Council of the Union/Council of Nationalities, for example) have been based on invidious class distinctions, or on a need to reconcile interests of distinct social players (big states vs. small ones; diverse national entities). The bicameral assembly proposed here is different. The popular assembly in the figure is elected on the basis of the entire adult population, organized in territorial units. The core economy council, by contrast, is elected only by workers in core enterprises: enterprises that are part of a MDIC system. All enterprises in the economy, whether in the state sector or private, can apply for core enterprise status. The criterion is not size alone; there can be small

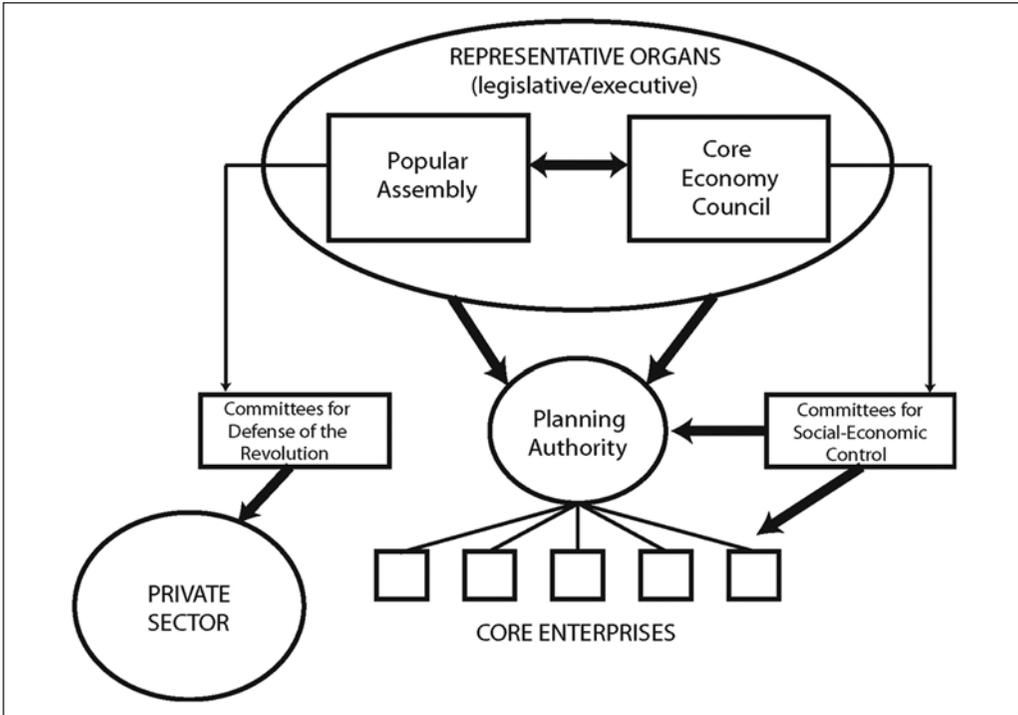


Figure 1. Hypothetical Organizational Structure for Transition from Precursor Socialism to Mature Socialism.

core enterprises. The central requirement is participation in iterative coordination, which gives workers access to the resources of the MDIC sector, but also subjects them (as noted above) to intervention by the center. Note that an enterprise can be a state enterprise without being a core enterprise; it might not be feasible, or even desirable, for the core (a subset of the public sector) to absorb all state enterprises immediately. Private-sector enterprises, whether individual, cooperative, or capitalist, are by definition outside of the core.

Bicamerality always imposes inequality. This needs to be stated frankly. It is, in fact, the novel aspect of this proposal. Workers in core enterprises get to vote in *two* elections, whereas everyone else votes in just one! If, however, the core economy (the MDIC sector) grows over time, more and more workers will share this privilege, and its impact diminishes. At some point, the distinction between the popular assembly and the core economy council becomes atavistic, and the two bodies can be combined. The distinction, and tension, between them may be crucial, however, in the long stage of precursor socialism in which popular consciousness, capacities, and political development make it impossible to create a complete democratically planned economy on the terrain of an entire nation-state.

The two houses of government jointly supervise the planning authority, which stands in the relation of center to the enterprises in the MDIC model. The popular assembly specializes in exercising control over the private sector, through committees for defense of the revolution (as shown in the figure). The private sector is expected to operate legally: abide by worker safety and health legislation, pay taxes, etc. The core economy council does something similar in relation to the planning authority and the core enterprises. The committees for social-economic control are a means to build popular participation in the MDIC process other than within each separate workplace, establishing the stakeholder functions in enterprise plan and performance evaluation described above.

How well would the core (MDIC) economy work? How sophisticated would its iterative process be? The answer may well be: not very, initially. At first, the planning authority may simply compile and publish its enterprises' plans, and work in a practical and *ex post* fashion to smooth out discrepancies, relying on buffer stocks, and (as so often in early socialist experiences) letting consumers be the residual that balances the plan. Gradually, with increasing skill levels and increasing access to modern information technology, both planning authority and enterprises may begin to actually calculate optimizing plans. But at first very simple planning-from-achieved-levels methods and simple rating schemes may be all that is needed to put the MDIC process into motion.

The key requirement is that the core economy work well enough to serve as a progressive attractor. Not only the right to vote for the core economy council, but also the experience of participation, rising incomes made possible by core status, as well as the educational and organizational opportunities afforded by access to planning authority resources: all of this should increasingly attract workers in the private sector, and the non-core state sector, to seek employment in core enterprises, or to press for their state or cooperative enterprises to apply for membership in the core.

Note that the core economy need not be very large initially. It should grow, quantitatively and qualitatively, only as fast as conditions make that possible. In an early phase of precursor socialism, one may see an actual flowering of private economic activity, while the small MDIC process is being established; empirically, a "retreat" from socialist construction but actually a cocoon stage. (We should note, of course, the political danger that a private-market sector might present to the socialist development project.)

One expects, however, that the core will take the lead in promoting a radical socialist vision throughout the society at large: principled evaluation of work and planning, by individuals and enterprises, leading to principled income differentials that enhance socialist consciousness rather than repressing it; progress in overcoming age-old stratifications of skill and authority within workplaces, laying the foundations for steady shrinking of those differentials; development of rounded human work-life capacities and experiences in each individual; and gradual removal of extrinsic status symbolism in consumption, making consumption as well as labor into activities that meet human needs and deepen the quality of human life.

Declaration of Conflicting Interests

The author(s) declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

Funding

The author(s) received no financial support for the research, authorship, and/or publication of this article.

References

- B. Foley, and B. H. Moss, eds. 2009. China. Socialism, capitalism, market: Where next. Special issue. *Science & Society* 73 (2) (April).
- Kotz, D. 2001. Is Russia becoming capitalist? *Science & Society* 65 (2) (Summer): 157–181.
- Kotz, D., and F. Weir. 1997. *Revolution from above: The demise of the Soviet system*. London and New York: Routledge.
- Laibman, D. 1978. The "state capitalist" and "bureaucratic-exploitative" interpretations of the Soviet social formation: A critique. *Review of Radical Political Economics* 10 (Winter): 24–34. Republished as ch. 14 of D. Laibman, *Value, technical change and crisis: Explorations in Marxist economic theory*. Armonk, NY: M. E. Sharpe, 1992.

- _____. 2007. *Deep history: A study in social evolution and human potential*. Albany, NY: State University of New York Press.
- _____. 2009. The Western left, the Soviet Union, and Marxism. *Science & Society* 73 (4) (October): 540–553.
- _____. 2012. *Political economy after economics: Scientific method and radical imagination*. London: Routledge.
- Lebowitz, M. 2010. *The socialist alternative: Real human development*. New York: Monthly Review Press.
- Ludlam, S. 2012. Aspects of Cuba's strategy to revive socialist development. *Science & Society* 76 (1) (January): 41–65.
- van der Linden, M. 2007. *Western Marxism and the Soviet Union: A survey of critical theories and debates since 1917*. Historical Materialism Book Series, vol. 17. Leiden, Amsterdam and London: Brill.
- Yaffe, H. 2009. *Che Guevara: The economics of revolution*. London: Palgrave Macmillan.
- _____. 2012. Che Guevara and the great debate, past and present. *Science & Society* 76 (1) (January): 11–40.

Author Biography

David Laibman is Professor Emeritus, Graduate School and Brooklyn College, City University of New York, and Editor of *Science & Society*. His most recent books are *Deep History: A Study in Social Evolution and Human Potential* (SUNY Press, 2007) and *Political Economy After Economics: Scientific Method and Radical Imagination* (Routledge, 2012).